



CALIFORNIA STATE PUBLIC WORKS BOARD

GRAY DAVIS, GOVERNOR

915 L STREET ■ NINTH FLOOR ■ SACRAMENTO CA ■ 95814-3706 ■ (916) 445-9694

STATE PUBLIC WORKS BOARD
May 22, 2002

MINUTES

PRESENT:

Ms. Annette Porini, Chief Deputy Director, Department of Finance
Mr. Dennis Dunne, Chief Deputy Director, Department of General Services
Mr. William F. Sherwood, Director, Investment Division, State Treasurer's Office
Mr. Rick Chivaro, Chief Counsel, State Controller's Office

ADVISORY MEMBER:

Director, Employment Development Department

LEGISLATIVE ADVISORS:

Assembly Member, Darrell Steinberg
Assembly Member Kevin Shelley
Assembly Member Sally Havice
Senator Richard G. Polanco
Senator Betty Karnette
Senator Wesley Chesbro

STAFF PRESENT:

James Tilton, Administrative Secretary, State Public Works Board, Department of Finance
Kathryn Amann, Principal Program Budget Analyst, Department of Finance
Madelynn McClain, Executive Secretary, State Public Works Board
Kathleen Chovan, Budget Analyst, Department of Finance

OTHERS PRESENT:

Chris Vance, State Treasurer's Office
Anita Nord, State Treasurer's Office
Michael Lim, State Treasurer's Office
Chris Kooyman, State Treasurer's Office

CALL TO ORDER AND ROLL CALL:

Ms. Porini, Chairperson, Chief Deputy Director, Department of Finance at 9:40 am called the meeting to order. Mr. Tilton, Administrative Secretary for the State Public Works Board called the roll. A quorum was established.

BOND ISSUES:

Mr. Tilton reported that there were two bond items. We are pulling Item #1, University of California, Irvine Campus, Natural Sciences Unit 2, due to unresolved issues regarding debt.

Mr. Tilton wanted to thank all the staff from the Pooled Money Board and the Treasurer's Office and the attorney's that we worked with. This is a very important project and I am pleased that with the progress we made in working out the issues.

Bond Item #2, University of California, Irvine Campus, Cal(IT)² Facility. This item will authorize the sale of lease revenue bonds and authorize interim financing.

This bond item proposes that the State's lease revenue bonds be secured by only a portion of a new UC research facility – one of the new UC Institutes for Science and Innovation.

Issuance of State lease revenue debt on less than an entire facility represents a new approach. In this case, apportionment of the building is required because UC intends to issue its own debt as a means of funding the remaining portion of the building.

The use of multiple funding sources is consistent with the legislation authorizing the Institutes, which requires that UC provide non-state matching funds.

To implement the new approach toward lease revenue financing, the standardized Form of the Site Lease and Form of the Facility Lease must be modified to reflect the relative interests of both the State and the University in the shared facility.

The Form of the Site Lease and Form of Facility Leases presented to the Board today are draft only. These forms will be finalized and approved by the PWB staff, the State Treasurer's Office staff and the Attorney General staff prior to sale of the bonds.

Although we are recommending today that the State Public Works Board approve interim financing authorization for the entire state project (\$25,227,000), we make this recommendation based on the understanding that today's request for PMIB financing is for only a portion of the total project (approximately \$12 million).

We would recommend approval of interim financing authorization contingent upon a staff directive to finalize the Form of the Site Lease and Form of the Facility Lease to the satisfaction of the PWB staff, the State Treasurer's Office staff and the Office of the Attorney General prior to the approval of interim financing above the \$12 million level.

Mr. Tilton noted that the \$12 million is the current request in front of the Pooled Money Board. We have spoken with them and they will be recommending going forward with six months of funding, around \$3 million. We have checked with UC and think that is a good approach. The point is that we all stay on top of this issue and get the documents all finalized before we get too far.

A motion was made by Mr. Dunne, Seconded by Mr. Chivaro to adopt Bond Item #2.

The Bond Item #2 was approved by a 4-0 vote.

CONSENT CALENDAR:

Mr. Tilton noted that there were no Consent Items.

ACTION ITEMS:

Mr. Tilton noted that there were no Action Items.

OTHER BUSINESS:

Mr. Tilton noted that there were no items of other business.

REPORTABLES:

Mr. Tilton indicated there were no reportables.

NEXT MEETING:

Mr. Tilton noted that the next PWB meeting is scheduled for Friday, June 14, 2002, at 10:00 am in Room 112. There is also a Special PWB Meeting set for Tuesday, May 28, 2002, at 10:00 am in Room 113.

Having no further business, the meeting was adjourned at 9:49 a.m.

BOND ITEMS

BOND – ITEM 1

UNIVERSITY OF CALIFORNIA (6440)
IRVINE CAMPUS, ORANGE COUNTY
Natural Sciences Unit 2

Authority: School Facilities: Kindergarten-University Public Education Facilities Bond Acts of 2002 and 2004, Chapter 33/02

Adopt a resolution to:

1. Authorize the sale of the State Public Works Board Lease Revenue Bonds.
2. Authorize the execution of the Construction Agreement between the University of California and the State Public Works Board.
3. Approve the form of and authorize the execution of a Facility Lease between the University of California and the State Public Works Board.
4. Approve the form of and authorize the execution of an Agreement for the Site Lease between the University of California and the State Public Works Board.
5. Authorize the use of interim financing, to be repaid from the Public Buildings Construction Fund from the proceeds from the sale of bonds.

Total Estimated Bond Authorization:

\$55,319,000

PULLED.

BOND ITEMS

STAFF ANALYSIS – ITEM 1

University of California, Irvine
Natural Sciences Unit 2

Action requested

The action requested will adopt a resolution authorizing interim financing.

Scope Description

This project is within scope. The Natural Sciences Unit 2 project will construct a new 85,460 asf lab facility to house research activities in biological sciences, chemistry and physics and renovate portions of the existing animal facility in McGaugh Hall.

Funding and Project Cost Verification

\$75,280,000	total estimated project cost
\$5,349,000	project costs previously allocated: preliminary plans -- \$3,237,000 (State funds), \$452,000 (campus funds); working drawings -- \$1,412,000 (State funds), \$248,000 (campus funds).
\$69,931,000	to be allocated: construction -- \$62,581,000 (\$56,761,000 contract, \$2,315,000 contingency, \$3,505,000 A & E) at CCCI 4019 (\$51,644,000 State funds, \$10,937,000 campus funds); equipment \$7,350,000 (\$3,675,000 State funds, \$3,675,000 campus funds).

CEQA

The University certifies that the project is in compliance with CEQA.

Project Schedule

The project schedule is as follows:

Complete construction: December 2004

Staff Recommendation: Approve resolution.

BOND ITEMS

BOND – ITEM 2

UNIVERSITY OF CALIFORNIA (6440)
IRVINE CAMPUS, ORANGE COUNTY
Cal(IT)² Facility

Authority: Senate Bill 4xxx (Peace), Chapter 3/02

Adopt a resolution to:

1. Authorize the sale of the State Public Works Board Lease Revenue Bonds.
2. Authorize the execution of the Construction Agreement between the University of California and the State Public Works Board.
3. Approve the form of and authorize the execution of a Facility Lease between the University of California and the State Public Works Board.
4. Approve the form of and authorize the execution of an Agreement for the Site Lease between the University of California and the State Public Works Board.
5. Authorize the use of interim financing, to be repaid from the Public Buildings Construction Fund from the proceeds from the sale of bonds.

Total Estimated Bond Authorization:

\$25,227,000

APPROVED.

BOND ITEMS

STAFF ANALYSIS – ITEM 2

University of California, Irvine
Cal(IT)² Facility

Action requested

The action requested will adopt a resolution authorizing interim financing

Scope Description

This project is within scope. The Cal (IT)² Facility at Irvine project will construct a new building of 68,700 asf sited in the Engineering Quadrangle of the campus, dedicated to research the scientific and technologic components required to bring about the “new internet”. The project will support the California Institute for Telecommunications and Information Technology (Cal (IT)²), one of the four new California Institutes for Science and Technology approved for implementation in the Budget Acts of 2000 and 2001. Due to multiple funding sources, the portion of the facility to be included in the definition of the state lease revenue project will be incorporated into the financing documents, including the Form of the Site Lease and Form of Facility Lease.

Funding and Project Cost Verification

\$54,300,000	total estimated project cost.
\$3,273,000	project costs previously allocated: preliminary plans - \$2,153,000 (Cal ISI funds), working drawings - \$1,120,000 (Cal ISI funds)
\$51,027,000	project costs to be allocated: construction - \$25,227,000 (Cal ISI funds, lease revenue bonds), \$10,000,000 (campus funds, Garamendi bond), \$10,800,000 (gift funds); equipment - \$5,000,000 (federal funds).

CEQA

The University certifies that the project is in compliance with CEQA.

Project Schedule

The project schedule is as follows:

Complete construction: August 2004

Other

- This bond item proposes that the State’s lease revenue bonds be secured by only a portion of a new UC research facility.
- Issuance of State lease revenue debt on less than an entire facility represents a new approach. In this case, apportionment of the building is required because UC intends to issue its own debt as a means of funding the remaining portion of the building.
- To implement the new approach toward lease revenue financing, the standardized Form of the Site Lease and Form of the Facility Lease must be modified to reflect the relative interests of both the State and the University in the shared facility. The forms presented to the Board for the May 22, 2002 special meeting are draft only. These forms will be finalized and approved by the PWB staff, the State Treasurer’s Office staff and the Attorney General staff prior to sale of the bonds.

Staff Recommendation: Approve resolution.

CONSENT ITEMS

CONSENT – ITEM

No Consent Items.

ACTION ITEMS

ACTION – ITEM

No Action Items.

OTHER BUSINESS

REPORTABLES

To be presented at meeting.

Respectfully Approved,

JAMES E. TILTON
Administrative Secretary

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